

# TWENTY25

## NIAGARA REGION BUDGET

Water & Wastewater Operating Budget,  
Rate Setting & Requisition

November 7, 2024

# 2025 Water & Wastewater Operating Budget

## Key Themes

- Recommending 12.27% increase
  - Investment in Capital contributions – recommended increase of 7.22% contribution to capital in alignment with 2021 Asset Management Plan
  - Sustainment of core services - recommended increase of 5.05% for investment in core Water and Wastewater services

Regional share is an average incremental increase of \$0.24 per household per day equating to \$7.40 per month over 2024

# 2025 Water & Wastewater Operating Budget, Rate Setting and Requisition

What we're going to cover:

- Key Drivers
- Operating Budget Highlights
- Multi-Year Budget
- Budget Variance Risks
- Requisition to Municipalities
- Next Steps

# 2025 Key Drivers

## 2021 Asset Management Plan (AMP)

- Water and Wastewater Capital represents 52% or \$5.1 Billion of assets in the Region's 2021 AMP

Per Asset Management Plan	Per Budget
Recommends average annual renewal investment of <b>\$164 Million</b>	2024 Operating Budget included Capital funding for renewal of <b>\$54 Million</b>

2025 Operating Budget Strategy Proposes Total Contributions to Capital of **\$65 Million**

# 2025 Key Drivers

## 2023 Water and Wastewater Financial Plan

Given Niagara Region affordability challenges, the 2023 Financial Plan recommended increasing annual contributions to capital of 5.15% (AMP recommended 7.22%)

Historical contributions to capital have fallen short of both the 2021 Asset Management Plan and the 2023 Financial Plan

Year	Capital Increase Approved
2024	4.10%
2023	5.00%
2022	3.15%
2021	1.00%
2020	3.15%

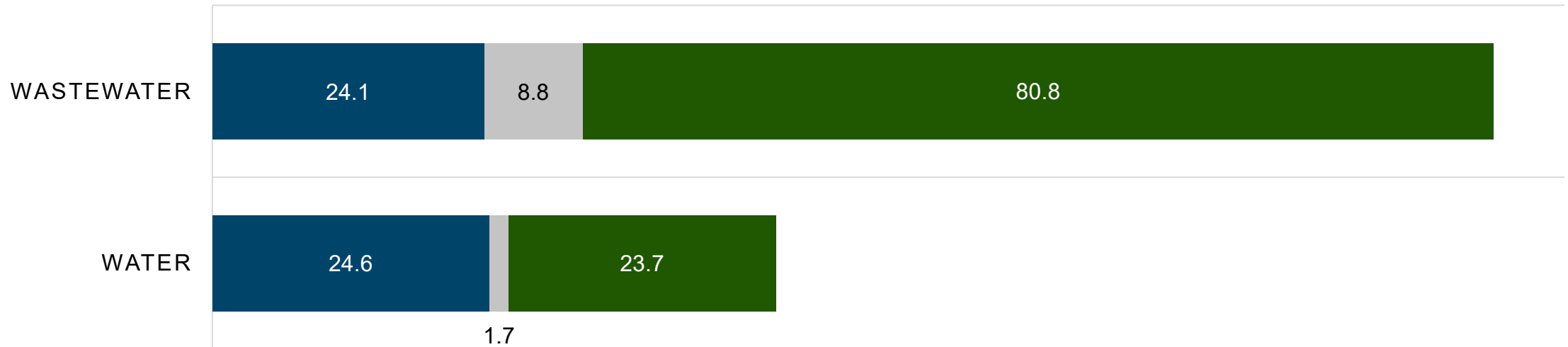
# 2025 Key Drivers

## 2021 Asset Management Plan (AMP)

- Water – 44% of plant assets in Poor to Very Poor Condition and Declining
- Wastewater – 49% of plant assets in Poor to Very Poor Condition and Declining

### ANNUAL FUNDING VS. NEED

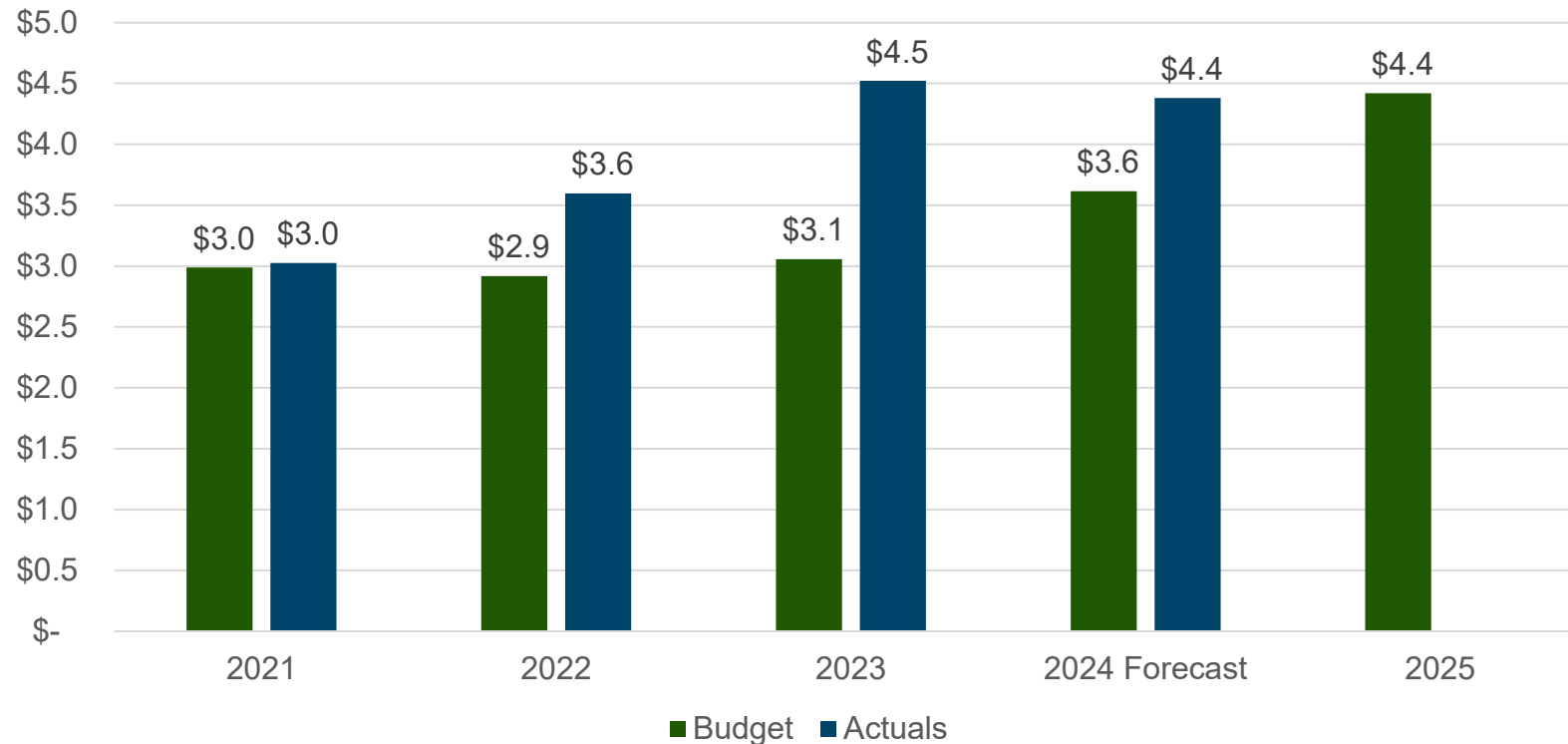
■ 2024 ■ Proposed 2025 ■ 2021 AMP



# 2025 Key Drivers

## Wastewater Equipment Repairs and Maintenance

WW R&M Equipment Budget vs. Actual Trend  
(in millions)



- 2024 WW Forecasted R&M deficit - **\$0.8 M**
- 2025 Budget proposes to invest in R&M in alignment with historical spend
- Prioritize preventative maintenance activities

# 2025 Recommended Budget (in millions)

	Water (\$)	Wastewater (\$)	Total (\$)
Water & Wastewater 2025 Budget Summary			
2024 Net Requisition	53.3	101.3	154.6
2025 Budget:			
Total Operating Expenses	26.3	62.5	88.8
Business Support	2.6	4.2	6.8
Reserve Transfer & Debt Charges	26.2	43.6	69.8
2025 Base Gross Budget Total	55.1	110.3	165.4
Less: Revenues	(0.5)	(4.5)	(5.0)
2025 Net Base Budget	54.5	105.8	160.3
<b>% Change</b>	<b>2.28%</b>	<b>4.48%</b>	<b>3.72%</b>
Enhanced Capital Financing (7.22%)	2.3	8.9	11.2
Program Changes – Staffing (1.33%)	0.3	1.8	2.1
<b>2025 Net Requisition</b>	<b>57.1</b>	<b>116.5</b>	<b>173.6</b>
Percentage Change	<b>7.06%</b>	<b>15.01%</b>	<b>12.27%</b>



# 2025 Recommended Budget (in millions)

## Continued

Recommended budget increase of **12.27%** (\$19.0M increase)

- 3.72% or \$5.7M for base operating costs
- 7.22% or \$11.2M for enhanced capital financing
- 1.33% or \$2.1M for staffing resources

# 2025 Budget Snapshot

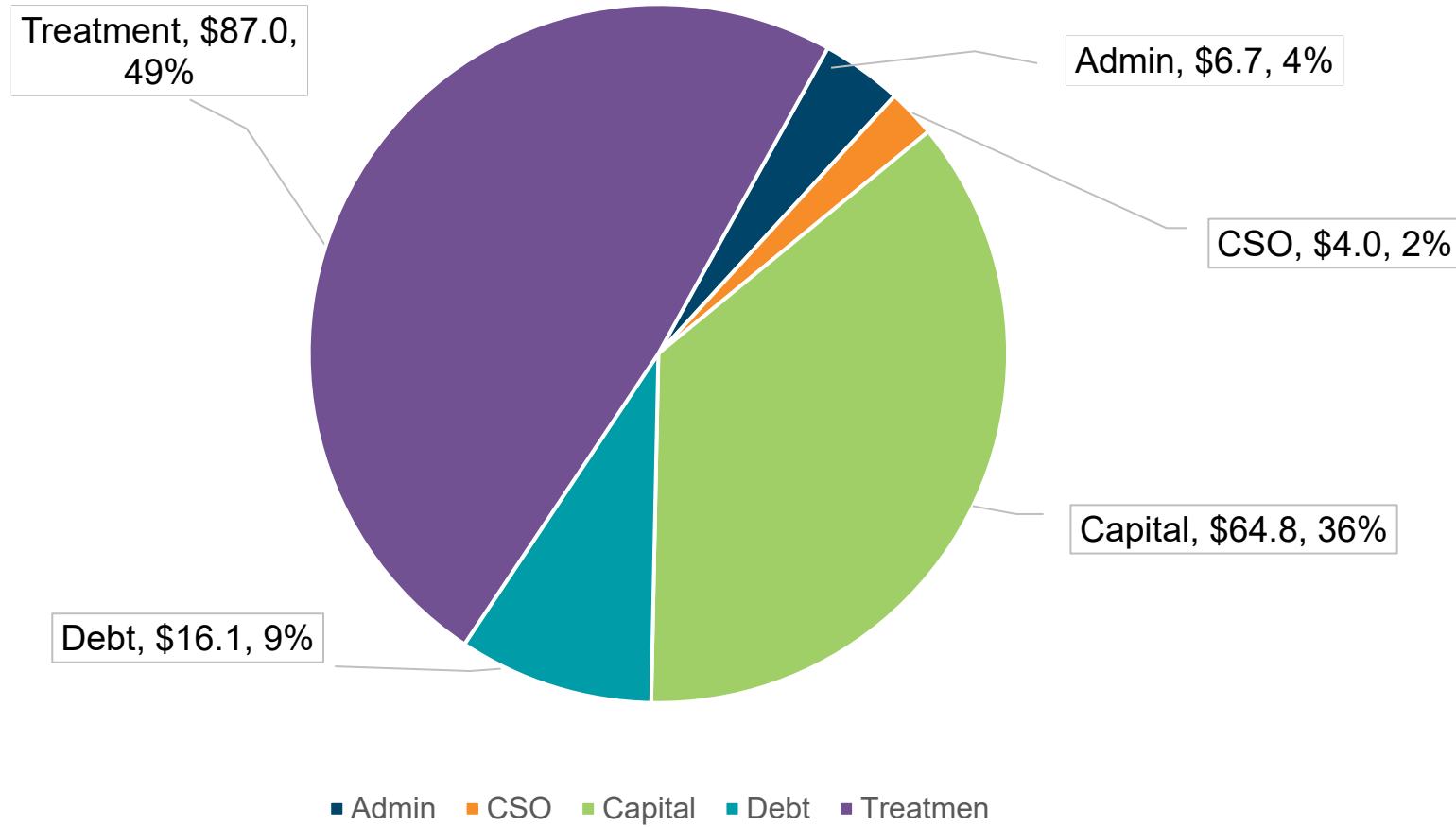
Budget Categories	Per Budget Strategy (%)	Proposed Budget (%)	Change (%)
Base Services	4.11%	3.72%	(0.39)%
Capital Financing	7.22%	7.22%	0.00%
Program Changes	1.26%	1.33%	0.07%
<b>Total</b>	<b>12.59%</b>	<b>12.27%</b>	<b>(0.32)%</b>

## Key change drivers:

- Incremental hauled sewage revenue offsetting base increase pressures for R&M

# 2025 Gross Operating Budget (\$178.6M)

## Expenditures by Area (in millions of dollars)



94% of costs associated with essential treatment and capital needs

# 2025 Budget Summary

## Base Increase of \$5.7M on Net Requisition

Pressures mainly attributed to:

- \$1.0M net increase in re-instatement of CSO Program (\$2M gross to \$4M gross)
- \$1.1M increase in repairs and maintenance in line with historical actuals/cost increases
- \$1.4M increase in labour related costs to support the people strategy and union increases
- \$0.4M increase in consulting for building condition assessments

# 2025 Budget Summary

## Base Increase of \$5.7M on Net Requisition Continued

Pressures mainly attributed to (continued):

- \$2.2M inflationary pressures related to chemicals \$0.8M, biosolids haulage and disposal \$0.7M, utilities and property taxes \$0.7M
- \$0.5M in levy related internal and corporate support costs/debt servicing

Pressures offset by:

- \$0.9M additional hauled sewage collection revenue

# 2025 Operating Budget Staff Summary

## in Full Time Equivalents (FTE)

Details	Perm	Temp
<b>2024 - Total</b>	280.6	4.0
2025 – New staffing requests to support program delivery	20.4	-
<b>2025 – Total</b>	<b>301.0</b>	<b>4.0</b>

# 2025 Program Investments

## Staffing Resources – 20.4 FTE

Description/ Title	Operating Impact (\$)	FTE
Systems Maintenance Person	284,528	3.0
Pumping Station Crews	437,452	4.0
Area 1 Operators	200,726	2.0
NOTL Wastewater Operator	100,363	1.0
Crystal Beach Wastewater Operator	100,363	1.0
Senior Project Manager- WWW	45,420	1.0
Project Manager	40,419	1.0
Laboratory Technician II	38,649	0.4
Environmental Compliance Analyst	98,748	1.0
Environmental Sampling Technician	91,050	1.0
SCADA technician	237,895	2.0
W-WW Infrastructure Analyst	251,927	2.0
Security Program Manager	125,963	1.0
	<b>2,053,503</b>	<b>20.4</b>

Staff resources proposed to support preventative maintenance, operations, program delivery, regulatory and compliance requirements, and cyber security.

Maintenance
Operations
Engineering
Lab and Compliance
SCADA and Security

# 2025 Budget Summary

## Reserve Balances

Reserve (In Millions)	Estimated Opening Balance	Interest	Annual Contribution	Usage	Estimated Closing Balance	2025 Target Balance
Wastewater Capital	\$27.80	\$0.70	\$38.40	(\$38.00)	\$27.60	Below target in 2021 Asset Management Plan
Water Capital	\$43.40	\$0.50	\$26.40	(\$50.50)	\$19.30	Below target in 2021 Asset Management Plan
Wastewater Stabilization	\$0.10				\$0.10	\$7.9 - \$11.9 Below Target
Water Stabilization	\$4.00	\$0.10			\$4.10	\$3.0 - \$4.5 Within Target

Below target reserve balances limit our ability to address emerging risks



# Water and Wastewater Multi-Year Budget

(in millions of dollars)

Water and Wastewater Requisition	2025	2026	2027
Net Requisition	\$173.5	\$189.6	\$206.4
<b>% Increase</b>	<b>12.27%</b>	<b>9.24%</b>	<b>8.86%</b>

Continued incremental contributions to capital (7.22% assumption based on 2021 Asset Management Plan).

Other pressures consist of investments in the People Strategy and inflation on contractual services and supplies.

# 2025 Water & Wastewater Budget

## Budget Variance Risks

- Wastewater stabilization reserve is inadequately funded
  - Equipment and underground infrastructure failure may impact repair and maintenance expenses
- Approval of rates and fees by-law – hauled sewage rate structure
  - Should this not be approved, would require mitigation in 2025 and any resulting deficit would be funded through stabilization reserve
- Inflation and/or global supply chain challenges
- Flows are weather dependent

# 2025 Water Requisition

## Methodology

- In place since 2009, reaffirmed in 2011 for 2012-2015, and reaffirmed again in 2015
- 25% Fixed Requisition
  - Based on three-year average volume
- 75% Variable Rate
  - Projected water sales of 57.00 M m<sup>3</sup> (same as prior year)
  - 75% of \$57.0 million budget divided by 57.00 M m<sup>3</sup>
  - Variable rate increased to \$0.751 per m<sup>3</sup> (2024 rate \$0.701)

# 2025 Water Requisition

## 25% Fixed Distribution to Municipality

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	1,087	1,172	85	7.83%
Grimsby	711	734	23	3.20%
Lincoln	607	641	34	5.64%
Niagara Falls	3,336	3,660	324	9.71%
Niagara-on-the-Lake	731	762	31	4.30%
Pelham	362	378	16	4.28%
Port Colborne	608	677	69	11.37%
St. Catharines	3,336	3,587	251	7.52%
Thorold	586	620	34	5.76%
Welland	1,734	1,803	69	4.00%
West Lincoln	228	234	6	2.48%
<b>Total</b>	<b>13,327</b>	<b>14,268</b>	<b>942</b>	<b>7.06%</b>

Budget increase  
of 7.06%  
Varies based on  
historical volume  
driven by growth  
in each  
municipality

# 2025 Wastewater Requisition

## Methodology

- 100% fixed since 2007
- 2011 established for 2012 to 2015, and reaffirmed in 2015, the reconciliation and adjustment for actual flows
  - Budget based on 3 years average to September
  - Actual based on 1 year to December
- Reconciliation of 2023 budget included in the 2025 requisition

# 2025 Wastewater Requisition

## 100% Fixed Distribution to Municipality

Municipality	2024 (\$000)	2025 (\$000)	Difference (\$000)	Difference (%)
Fort Erie	10,260	11,281	1,021	9.95%
Grimsby	4,231	6,367	2,136	50.49%
Lincoln	4,549	4,535	(14)	-0.31%
Niagara Falls	19,330	23,183	3,853	19.93%
Niagara-on-the-Lake	4,221	5,056	835	19.77%
Pelham	2,054	2,421	367	17.86%
Port Colborne	5,478	6,081	603	11.01%
St. Catharines	27,559	30,861	3,302	11.98%
Thorold	6,620	7,439	819	12.37%
Welland	15,248	17,297	2,049	13.44%
West Lincoln	1,727	1,957	230	13.33%
<b>Total</b>	<b>101,276</b>	<b>116,477</b>	<b>15,200</b>	<b>15.01%</b>

Budget  
increase of  
15.01%  
Varies based on  
historical  
volume driven  
by growth in  
each  
municipality

# 2025 Water & Wastewater Cost per Household

## BMA Study Average (Includes Region & Local)

Cost per Household	2019	2020	2021	2022	2023	2024 (est)
BMA Survey Average	\$1,103	\$1,151	1,174	1,237	1,302	1,405
Niagara Average	\$1,123	\$1,164	1,202	1,251	1,292	1,398
Variance \$	\$20	\$13	\$28	\$14	-\$11	-\$7
Variance %	2%	1%	2%	1%	1%	1%

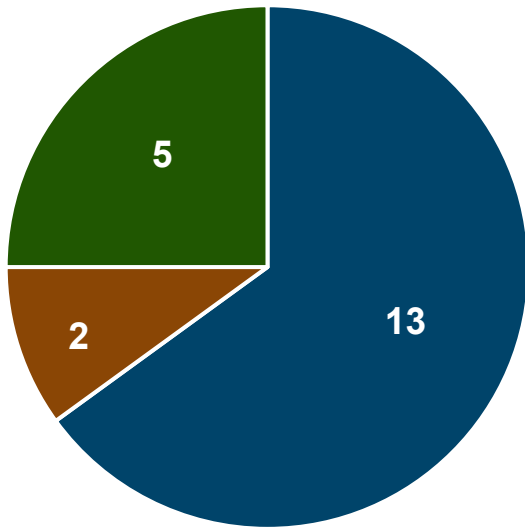
Niagara Region has significantly more infrastructure than its comparators along with a smaller population

Lower average means less investment in aging infrastructure including critical repairs and maintenance

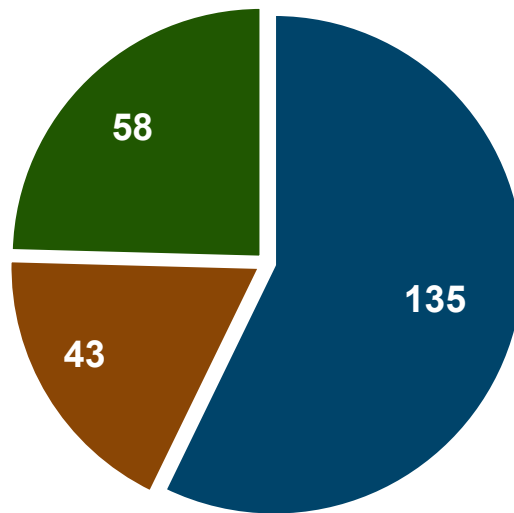
# How We Compare – Water & Wastewater

- Niagara Region has significantly more vertical infrastructure than its comparators
- Niagara Region has a smaller population, resulting in a heavier per capita burden

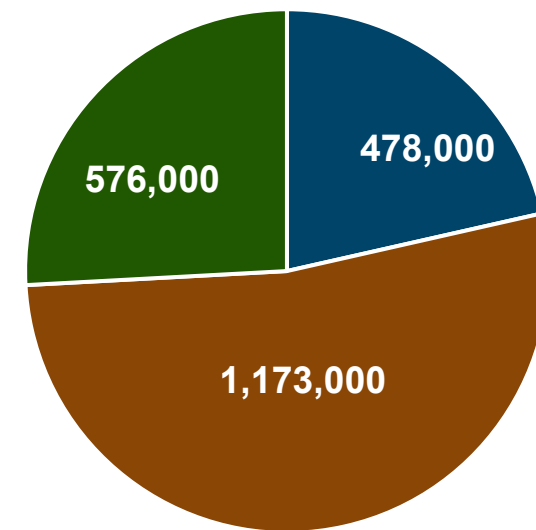
# Large Plants (>10MLD)



Pumping Stations



Population



- Niagara Region
- York Region
- Waterloo Region



# 2025 Water & Wastewater Cost per Household

## Estimated Annual Average Impact of Regional Share on Household

<b>50% Region</b>	2024	2025	Incr. (\$)	Incr.(%)
Water & Wastewater	\$699	\$785	\$86	12.27%

Estimated Regional increase ranges from \$69 to \$103 annually  
(40%- 60% Regional portion)

# Next Steps

## Approval & Requisition

- Discussion, review and approval of CSD 48-2024 today
- Council approval of budget and requisitions (including by-laws) on November 21st, 2024
- Communication to LAMs of budget approval and wholesale requisitions which are effective for January flows billed in February
- LAM set their individual fixed and variable rates for their customers

# Questions?

